COMMONWEALTH OF VIRGINIA

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

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To: Non-Medicare Retirees, Survivors and VSDP/LTD Participants

From: Charles Reed, Associate Director
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Subjects:
- State Retiree Health Benefits Program Open Enrollment for July 1, 2002
- Retiree Program Updates

Open Enrollment

Open Enrollment takes place April 15—May 15… This is your opportunity to make plan or membership changes to be effective July 1.

What do you need to do? Be sure to read all materials enclosed in this package in order to make an informed decision regarding your health benefits election for July 1, 2002, through June 30, 2003. This information is provided to help you make the right choice for you and your covered dependent(s). **The following topics are discussed in this memorandum, and additional resources are enclosed:**

- **Premium Changes (see page 2) –** Be sure to review the enclosed *Retiree Group Monthly Premiums* brochure and read the article in the enclosed *Open Forum* newsletter, *Why Did My State Retiree Health Plan Premium Increase?*
- **Benefit Options/Changes (see page 3) –** Compare your options by reviewing the enclosed *Comparison of Benefits* brochure.
- **Retiree Program Updates (see pages 4-5)** – More important information about the State Retiree Health Benefits Program.

After reviewing your options, **if you choose to keep your current plan and level of membership**, do nothing. Your new monthly premium will automatically be deducted from your annuity or billed by your carrier starting with your July premium. However, if you are currently enrolled in Cigna or one of the Optimum Choice plans, you will need to make a new election since these plans are leaving the state program. More information follows.

If you wish to make a change, you may submit the enclosed *Enrollment/Waiver Form for Retirees and VSDP/LTD Participants* and send it to the address indicated on the front of the form. Your form must be received by May 15 in order to take part in the open enrollment. If you have access to the Web, you can avoid the paper enrollment form by using the EmployeeDirect health benefits enrollment and information system. An instructional flyer is enclosed which explains, step by step, how to use EmployeeDirect.

Two Carriers Leave the Program… As indicated above, two regional carriers, Cigna and Optimum Choice, will be leaving the state program effective July 1. If you are currently enrolled in one of those plans, you should make a new plan selection for July 1. However, if you do nothing during the open enrollment period, you will be automatically placed in the Key Advantage plan, and appropriate premiums will be deducted or billed.

Premium Changes

New Premium Rates… Increasing medical expenses result in higher premiums. This is evident in the increased amounts that are reflected in the enclosed *Retiree Group Monthly Premiums* brochure. Unfortunately, since retiree group members pay the total cost of their state health plan coverage, they feel the full impact of premium increases. The Department of Human Resource Management (DHRM) understands the consequences of premium increases on its health plan members and works diligently to ensure that its self-funded plans include innovative approaches to help keep costs down. However, soaring medical costs, especially in the area of prescription drugs, are affecting plans nationwide, not just the state program. While we realize that it will not lessen the impact of this additional expense, we hope that the enclosed *Open Forum* article, *Why Did My State Retiree Health Plan Premium Increase?,* will help you to better understand your premium costs.

If you are eligible for the Health Insurance Credit Program, administered by the Virginia Retirement System, your benefits will remain unchanged.

Direct Billing of Premiums… For some retirees, an increased premium will mean that the amount of your monthly retirement annuity will no longer be sufficient to cover your monthly premium amount. In those cases, you will begin to be billed directly by your selected health plan carrier. Keep in mind that, due to administrative differences, direct billing occurs in advance of the coverage month, while annuity-deducted premiums are collected in arrears.

Prompt Payment of Premiums… Plan participants are responsible for paying their premiums (either through annuity deduction or by direct payment to the carrier) in the time frame required. Participants who pay directly to the carrier receive monthly bills which specifically indicate when premium payments are due. Monthly premiums that remain unpaid for 31 days after the due date will result in termination of coverage.

Participants are responsible for understanding their premium obligation and notifying the program within 31 days of any qualifying midyear event that affects membership level. Premiums which are incorrect due to failure of the participant to advise the program of membership decreases may result in loss of premium overpayments. Failure of the participant to remove ineligible dependents may result in retraction of claim payments and suspension from the program.

Benefit Options/Changes

Plan Options… A *Comparison of Benefits* brochure, which provides a side-by-side look at available plan options, is included for your review. If you need additional information, please contact the plans directly. A summary of plan contacts is also attached and includes a listing of regional plan service areas. As you review your options, keep in mind that changes made outside of open enrollment may only be made within 31 days of the occurrence of a consistent qualifying midyear event.

Benefit Changes… Retiree group members enrolled in the **Key Advantage** plan will experience the following benefit changes:

Service	***Current Benefit***	***July 1 Changes***
PCP Copayment	$15	$20
Specialist Copayment	$25	$30
Hospital Inpatient Copayment	$200 per confinement	$300 per confinement
Hospital Outpatient Copayment	$75 per visit (waived if admitted to hospital)	$100 per visit (waived if admitted to hospital)
Prescription Drug Copayments • Retail Pharmacy • Home Delivery (Mail Order) Service	 $15 for up to 34-day supply; $30 for 35-90 day supply $23 for up to 90-day supply	 $17 for up to 34-day supply; $34 for 35-90 day supply $25 for up to 90-day supply
Optional Benefits Under Optional Expanded Benefits	Plan pays once every 24 months: • $50 for eyeglass frames • $35 for single vision lenses • $50 for bifocal lenses • $70 for trifocal lenses • $100 for contact lenses	Plan pays once every 24 months: • $75 for eyeglass frames • $50 for single vision lenses • $75 for bifocal lenses • $100 for trifocal lenses • $100 for contact lenses

There are no benefit changes to **Cost Alliance**. **Regional plan benefits** are summarized in the enclosed *Comparison of Benefits* brochure.

Primary Care Physician (PCP) Selection… If you make a plan change at this time, be sure to select a PCP in your new plan. This is necessary even if you keep the same PCP that you had under your old plan. Contact your new plan to arrange for your PCP selection. Provider listings may be requested through the plan's Member Services representatives or on its Web site. Contact numbers and Web site addresses are attached for your reference. Failure to select a PCP can result in either reduced coverage or no coverage at all, depending on your plan selection.

New Membership Cards… All Key Advantage members will receive new identification cards reflecting July 1 copayment changes. Any other changes you make in plan or membership will also generate new cards.

Retiree Program Updates

Medicare Managed Care Plan Waivers… Currently, participants in the State Retiree Health Benefits Program are allowed to waive their coverage to participate in a Medicare Managed Care Plan (MMCP) and then return to the state plan upon termination of their MMCP coverage. Retiree group members who are currently in that specific waive status and who have maintained MMCP coverage may continue to be waived until December 31, 2002. However, effective January 1, 2003, this will no longer be an option. Coverage for any dependents of MMCP participants who have remained in the state program will be terminated unless the eligible retiree/survivor/LTD participant reenrolls at that time. Non-Medicare retiree group members who become Medicare eligible before the end of 2002 may utilize this option only until December 31. However, prior to December 31, those waived participants who have maintained their MMCP coverage will have to decide to either return to the State Retiree Health Benefits Program effective January 1, 2003, or forfeit their opportunity for future enrollment. No requests for reenrollment will be accepted after December 31, 2002, and no additional notifications will be distributed regarding this change.

Retiree Group Members Becoming Eligible for Medicare during the Open Enrollment Period… Approximately three months before their 65th birthday, all retiree group members, including dependents, receive information about options for selecting a Medicare-coordinating plan. At that time, if an election is not made, Medicare-eligible members are placed in the Advantage 65 plan. This process continues during the open enrollment period, so some members will receive both a Medicare plan enrollment package and an open enrollment package. If you become eligible for Medicare prior to July 1, your Medicare election will supersede any open enrollment election. If you become eligible for Medicare after July, you may make an open enrollment election for July 1, and your Medicare plan election will take place at the appropriate time after the open enrollment period.

Retiree Newsletter… The first non-Medicare edition of the new retiree newsletter, *Open Forum*, is included in this package. This newsletter is the direct result of input from retirees who asked for better communications regarding the State Retiree Health Benefits Program and who shared specific topics of interest. We hope that you find this newsletter to be useful and informative, but please be sure to let us know what you think. See the newsletter for more information about where to submit your comments.

Home Delivery Pharmacy (formerly the Mail Service Pharmacy)… Retirees enrolled in state-funded (Trigon) plans have requested more information about the Home Delivery Pharmacy. In response to those questions and concerns, an informational flyer is enclosed which discusses the *"Myths and Realities"* surrounding the program.

Also, in light of recent events concerning the safety of the U.S. Mail, please be assured that the highest priority of the Commonwealth's Home Delivery Pharmacy, administered by PAID Prescriptions Coordinated Care Network, a subsidiary of Merck & Co., Inc., is the safety of medicines provided to participants. The Home Delivery Pharmacy has rigorous security procedures in place at all of their pharmacy locations. However, there is no reason to believe that shipments received from PAID are any different than shipments from other companies. Participants should treat home delivery packages with the same caution as they do all mail. Additional information can be found on the Web at www.merck-medco.com. You do not have to be a registered user of the Web site. You can also find answers to your questions by calling the toll-free customer service number at 1-800-355-8279.

Long Term Care Plan Participants… Retirees and eligible dependents enrolled in the Department of Human Management's voluntary long-term care insurance program experienced an eight percent (8%) reduction in premium rates on March 1, 2002. In addition, a new lower minimum daily benefit amount is now available ($50 daily minimum). Retirees who wish to enroll or make changes at any time may do so by contacting Aetna at 1-877-894-2471 or visit Aetna's Web site at www.aetna.com/group/commonwealthva. Evidence of insurability will be required upon initial enrollment or increase in benefits. These premiums must be paid directly to Aetna. The Virginia Retirement System will not deduct long-term care plan premiums from monthly retirement annuities.

Enclosures:

Retiree Group Monthly Premiums Brochure
Comparison of Benefits Brochure
Plan Contact Summary and Regional Plan Service Areas (see pages 7 and 8)
Enrollment/Waiver Form
Welcome to EmployeeDirect Flyer
Open Forum Newsletter/Premium Information
Prescription Drug Flyer
Women's Health and Cancer Rights Information (see page 6)

Notice

Women's Health and Cancer Rights

In the case of a participant who is receiving benefits under the state's health benefits plan in connection with a mastectomy and elects breast reconstruction, the coverage will be provided in a manner determined in consultation with the attending physician and the patient for:

- Reconstruction of the breast on which the mastectomy has been performed
- Surgery and reconstruction of the other breast to produce a symmetrical appearance
- Prostheses and physical complications during all stages of the mastectomy

State Retiree Health Benefits--Plan Contact Summary

Statewide Plans	***Call or Visit the Web Site***
Trigon Blue Cross Blue Shield Commonwealth of Virginia Member Services P. O. Box 27401 Richmond, VA 23279	Key Advantage, Cost Alliance, Medicare Retiree Plans Member Services: (804)355-8506 in Richmond 1-800-552-2682 outside of Richmond http://state.trigon.com
Magellan Behavioral Health – Mental Health & Substance Abuse Services for Key Advantage and Cost Alliance	1-800-775-5138 TDD 1-800-828-1120 Virginia Relay Center www.magellanassist.com
Regional Plans (See Service Areas Below)	***Call or Visit the Web Site***
Aetna U. S. Healthcare, Inc. Attn: Employer Services 1301 McCormick Drive Largo, MD 20797-7411	Member Services - 1-800-323-9930 www.aetnaushc.com/custom/cwva Mental Health/Substance Abuse Virginia - 1-800-424-5668 Washington, D.C. & MD - 1-800-424-5732
Kaiser Foundation Health Plans 1608 Spring Hill Road, Suite 120 Vienna, VA 22182	Member Services – 1-301-468-6000 in the Washington, D.C. area or 1-800-777-7902 outside Washington Mental Health/Substance Abuse – 1-800-834-8647 (Baltimore area only) 1-866-530-8778 www.kp.org/ehealth/mida/commonwealthofvirginia
Piedmont Community Healthcare, Inc P. O. Box 2455 Lynchburg, VA 24501	Member Services 1-888-674-3368 Mental Health/Substance Abuse – 1-800-400-7247, ext. 207 or (434) 947-4463, ext.207 in the Lynchburg area www.pchp.net

Regional Plans by Service Areas*

Central Virginia

- **Aetna U.S. Healthcare HMO**
- **Aetna U.S. Healthcare POS**

Northern Virginia, Washington, D.C. and parts of Maryland

- **Aetna U.S. Healthcare HMO**
- **Aetna U.S. Healthcare POS**
- **Kaiser Permanente HMO**

Western Virginia

- **Piedmont Community HealthCare HMO-POS**

**Contact Health Plan for specific cities and counties covered*